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## 2014 Instructions for Schedule R (Form 5500) Retirement Plan Information

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### General Instructions

#### Purpose of Schedule

Schedule R (Form 5500) reports certain information on plan distributions, funding, and the adoption of amendments increasing or decreasing the value of benefits in a defined benefit pension plan, as well as certain information on employee stock ownership plans (ESOPs), and multiemployer defined benefit plans.

**Electronic Attachments.** All attachments to Schedule R must be properly identified, must include the name of the plan, plan sponsor's EIN, and plan number. Place "Schedule R" and the Schedule R line number at the top of each attachment to identify the information to which the attachment relates. Do not include attachments that contain a visible social security number. The Schedule R and its attachments are open to public inspection, and the contents are subject to publication on the Internet. Because of privacy concerns, the inclusion of a visible social security number or any portion thereof on an attachment may result in the rejection of the filing.

#### Who Must File

Schedule R must be attached to a Form 5500 filed for both tax-qualified and nonqualified pension benefit plans. The parts of Schedule R that must be completed depend on whether the plan is subject to the minimum funding standards of Code section 412 or ERISA section 302 and the type of plan. See line item requirements under *Specific Instructions* for more details.

**Exceptions:** (1) Schedule R should not be completed when the Form 5500 annual return/report is filed for a pension plan that uses, as the sole funding vehicle for providing benefits, individual retirement accounts or annuities (as described in Code section 408). See the Form 5500 instructions for *Limited Pension Plan Reporting* for more information.

(2) Schedule R also should not be completed if all of the following conditions are met:

- The plan is not a defined benefit plan or otherwise subject to the minimum funding standards of Code section 412 or ERISA section 302.
- No plan benefits that would be reportable on line 1 of Part I of this Schedule R were distributed during the plan year. See the instructions for Part I, line 1, below.
- No benefits, as described in the instructions for Part I, line 2, below, were paid during the plan year other than by the plan sponsor or plan administrator. (This condition is not met if benefits were paid by the trust or any other payor(s) which are reportable on IRS **Form 1099-R**, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., using an EIN other than that of the plan sponsor or plan administrator reported on line 2b or 3b of Form 5500.)
- Unless the plan is a profit-sharing, ESOP, or stock bonus plan, no plan benefits of living or deceased participants were distributed during the plan year in the form of a single-sum distribution. See the instructions for Part I, line 3, below.
- The plan is not an ESOP.
- The plan is not a multiemployer defined benefit plan.

Check the Schedule R box on the Form 5500 (Part II, line

10a(1)) if a Schedule R is attached to the Form 5500.

### Specific Instructions

**Lines A, B, C, and D.** This information must be the same as reported in Part II of the Form 5500 to which this Schedule R is attached.

Do not use a social security number in line D instead of an EIN. Schedule R and its attachments are open to public inspection, and the contents are public information and are subject to publication on the Internet. Because of privacy concerns, the inclusion of a social security number or any portion thereof on Schedule R or any of its attachments may result in the rejection of the filing.

You can apply for an EIN from the IRS online, by telephone, by fax, or by mail depending on how soon you need to use the EIN. For more information, see *Section 3: Electronic Filing Requirement*. The EBSA does not issue EINs.

**"Participant"** for purposes of Schedule R, means any present or former employee who at any time during the plan year had an accrued benefit in the plan (account balance in a defined contribution plan).

#### Part I – Distributions

**"Distribution"** includes only payments of benefits during the plan year, in cash, in kind, by purchase for the distributee of an annuity contract from an insurance company, or by distribution of life insurance contracts. It does not include:

1. Corrective distributions of excess deferrals, excess contributions, or excess aggregate contributions, or the income allocable to any of these amounts;
2. Distributions of automatic contributions pursuant to Code section 414(w);
3. The distribution of elective deferrals or the return of employee contributions to correct excess annual additions under Code section 415, or the gains attributable to these amounts; and
4. A loan deemed as a distribution under Code section 72(p).

**Note.** It does, however, include a distribution of a plan loan offset amount as defined in Treasury Regulations section 1.402(c)-2, Q&A 9(b).

**Line 1.** Enter the total value of all distributions made during the year (regardless of when the distribution began) in any form other than cash, annuity contracts issued by an insurance company, distribution of life insurance contracts, marketable securities within the meaning of Code section 731(c)(2), or plan loan offset amounts. Do not include eligible rollover distributions paid directly to eligible retirement plans in a direct rollover under Code section 401(a)(31) unless such direct rollovers include property other than that enumerated in the preceding sentence.

**Line 2.** Enter the EIN(s) of any payor(s) (other than the plan sponsor or plan administrator on line 2b or 3b of the Form 5500) who paid benefits reportable on IRS Form 1099-R on behalf of the plan to participants or beneficiaries during the plan year. This is the EIN that appears on the IRS Forms 1099-R that are issued to report the payments. Include the EIN of the trust if different than that of the sponsor or plan administrator. If more than two payors made such payments during the year, enter the EINs of the two payors who paid the greatest dollar amounts during the year. For purposes of this line 2, take into account all payments made during the plan year, in cash or in kind, that are reportable on IRS Form 1099-R, regardless of when the payments began, but take into account payments from an insurance company under an

annuity only in the year the contract was purchased.

**Line 3.** Enter the number of living or deceased participants whose benefits under the plan were distributed during the plan year in the form of a single-sum distribution. For this purpose, a distribution of a participant's benefits will not fail to be a single-sum distribution merely because, after the date of the distribution, the plan makes a supplemental distribution as a result of earnings or other adjustments made after the date of the single-sum distribution. Also include any participants whose benefits were distributed in the form of a direct rollover to the trustee or custodian of a qualified plan or individual retirement account.

## Part II – Funding Information

Complete Part II only if the plan is subject to the minimum funding requirements of Code section 412 or ERISA section 302.

All qualified defined benefit and defined contribution plans are subject to the minimum funding requirements of Code section 412 unless they are described in the exceptions listed under Code section 412(e)(2). These exceptions include profit-sharing or stock bonus plans, insurance contract plans described in Code section 412(e)(3), and certain plans to which no employer contributions are made.

Nonqualified employee pension benefit plans are subject to the minimum funding requirements of ERISA section 302 unless specifically exempted under ERISA sections 4(a) or 301(a).

The employer or plan administrator of a single-employer or multiple-employer defined benefit plan that is subject to the minimum funding requirements must file Schedule SB as an attachment to Form 5500. Schedule MB is filed for multiemployer defined benefit plans and certain money purchase defined contribution plans (whether they are single-employer or multiemployer plans). However, Schedule MB is not required to be filed for a money purchase defined contribution plan that is subject to the minimum funding requirements unless the plan is currently amortizing a waiver of the minimum funding requirements.

**Line 4.** Check "Yes" if, for purposes of computing the minimum funding requirements for the plan year, the plan administrator is making an election intended to satisfy the requirements of Code section 412(d)(2) or ERISA section 302(d)(2). Under Code section 412(d)(2) and ERISA section 302(d)(2), a plan administrator may elect to have any amendment, adopted after the close of the plan year for which it applies, treated as having been made on the first day of the plan year if all of the following requirements are met:

1. The amendment is adopted no later than two and one-half months (two years for a multiemployer plan) after the close of such plan year;

2. The amendment does not reduce the accrued benefit of any participant determined as of the beginning of such plan year; and

3. The amendment does not reduce the accrued benefit of any participant determined as of the adoption of the amendment unless the plan administrator notified the Secretary of the Treasury of the amendment and the Secretary either approved the amendment or failed to disapprove the amendment within 90 days after the date the notice was filed.

See Treasury Temporary Regulations section 11.412(c)-7(b) for details on when and how to make the election and what information to include on the statement of election, which must be filed with the Form 5500 annual return/report.

**Line 5.** If a money purchase defined contribution plan

(including a target benefit plan) has received a waiver of the minimum funding standard, and the waiver is currently being amortized, complete lines 3, 9, and 10 of Schedule MB. See instructions for Schedule MB. Attach Schedule MB to Form 5500. The Schedule MB for a money purchase defined contribution plan does not need to be signed by an enrolled actuary.

**Line 6a.** The minimum required contribution for a money purchase defined contribution plan (including a target benefit plan) for a plan year is the amount required to be contributed for the year under the formula set forth in the plan document. If there is an accumulated funding deficiency for a prior year that has not been waived, that amount should also be included as part of the contribution required for the current year.

**Line 6b.** Include all contributions for the plan year made not later than 8 ½ months after the end of the plan year. Show only contributions actually made to the plan by the date the form is filed. For example, do not include receivable contributions for this purpose.

**Line 6c.** If the minimum required contribution exceeds the contributions for the plan year made not later than 8½ months after the end of the plan year, the excess is an accumulated funding deficiency for the plan year. File IRS **Form 5330**, Return of Excise Taxes Related to Employee Benefit Plans, with the IRS to pay the excise tax on the deficiency. There is a penalty for not filing IRS Form 5330 on time.

**Line 7.** Check "Yes" if the minimum required contribution remaining in line 6c will be made not later than 8 ½ months after the end of the plan year. If "Yes," and contributions are actually made by this date, then there will be no reportable deficiency and IRS Form 5330 will not need to be filed.

**Line 8.** Revenue Procedure 2000-40, 2000-2 C.B. 357, providing for automatic approval for a change in funding method for a plan year, generally does not apply unless the plan administrator or an authorized representative of the plan sponsor explicitly agrees to the change. If a change in funding method made pursuant to such a revenue procedure (or a class ruling letter) is to be applicable for the current plan year, this line generally must be checked "Yes." In certain situations, however, the requirement that the plan administrator or an authorized representative of the plan sponsor agree to the change in funding method will be satisfied if the plan administrator or an authorized representative of the plan sponsor is made aware of the change. In these situations, this line must be checked "N/A." See section 6.01(2) of Rev. Proc. 2000-40. If the plan's change in funding method is not made pursuant to a revenue procedure or other authority providing automatic approval which requires plan sponsor agreement, or to a class ruling letter (e.g., it is pursuant to a regulation or the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA 2010), Pub. L. No. 111-192), then this line should be checked "N/A."

## Part III – Amendments

**Line 9.**

• Check "No" if no amendments were adopted during this plan year that increased or decreased the value of benefits.

• Check "Increase" if an amendment was adopted during the plan year that increased the value of benefits in any way. This includes an amendment providing for an increase in the amount of benefits or rate of accrual, more generous lump sum factors, COLAs, more rapid vesting, additional payment forms, or earlier eligibility for some benefits.

• Check "Decrease" if an amendment was adopted during

the plan year that decreased the value of benefits in any way. This includes a decrease in future accruals, closure of the plan to new employees, or accruals being frozen for some or all participants.

- If the amendments that were adopted increased the value of some benefits but decreased the value of others, check “Both.”

#### Part IV – ESOP Information

**Line 11b.** A loan is a “back-to-back loan” if the following requirements are satisfied:

1. The loan from the employer corporation to the ESOP qualifies as an exempt loan under DOL regulations at 29 CFR 2550.408b-3 and under Treasury Regulations sections 54.4975-7 and 54.4975-11; and
2. The repayment terms of the loan from the sponsoring corporation to the ESOP are substantially similar to the repayment terms of the loan from the commercial lender to the sponsoring employer.

#### Part V – Additional Employer Information for Multiemployer Defined Benefit Pension Plans

If this is not a multiemployer plan, skip this Part.

**Required attachments.** Multiemployer defined benefit plans that are in Endangered Status or Critical Status must attach a summary of their Funding Improvement Plan or Rehabilitation Plan (as updated, if applicable) and also any update to a Funding Improvement Plan or Rehabilitation Plan.

The summary of any Funding Improvement Plan or Rehabilitation Plan must reflect such plan in effect at the end of the plan year (whether the original Funding Improvement Plan or Rehabilitation Plan or as updated) and must include a description of the various contribution and benefit schedules that are being provided to the bargaining parties and any other actions taken in connection with the Funding Improvement Plan or Rehabilitation Plan, such as use of the shortfall funding method or extension of an amortization period. The summary must also identify the first year and the last year of the Funding Improvement Period or the Rehabilitation Period. If an extended Funding Improvement Period (of 13 or 18 years) or Rehabilitation Period (of 13 years) applies because of an election under section 205 of the Worker, Retiree, and Employer Recovery Act of 2008 (“WRERA”), the summary must include a statement to that effect and the date that the election was filed with the IRS.

The summary must also include a schedule of the expected annual progress for the funded percentage or other relevant factors under the Funding Improvement Plan or Rehabilitation Plan. If the sponsor of a multiemployer plan in Critical Status has determined that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot emerge from Critical Status by the end of the Rehabilitation Period as described in Code section 432(e)(3)(A)(ii), the summary must include an explanation of the alternatives considered, why the plan is not reasonably expected to emerge from Critical Status by the end of the Rehabilitation Period, and when, if ever, it is expected to emerge from Critical Status under the Rehabilitation Plan.

The plan sponsor is required to annually update a Funding Improvement Plan or Rehabilitation Plan that was adopted in a prior year. The update must be filed as an attachment to the Schedule R. The update attachment must identify the modifications made to the Funding Improvement Plan or Rehabilitation Plan during the plan year, including contribution increases, benefit reductions, or other actions.

The attachment described above must be labeled

“**Schedule R, Summary of Funding Improvement Plan,**” or “**Schedule R, Summary of Rehabilitation Plan**” as appropriate, and if applicable, “**Schedule R, Update of Funding Improvement Plan or Rehabilitation Plan.**” Each attachment must also include the plan name, the plan sponsor’s name and EIN, and the plan number.

**Line 13.** This line should be completed only by multiemployer defined benefit pension plans that are subject to the minimum funding standards (see Code section 412 and Part 3 of Title I of ERISA). Enter the information on lines 13a through 13e for any employer that contributed more than five (5) percent of the plan’s total contributions for the 2014 plan year. List employers in descending order according to the dollar amount of their contributions to the plan. Complete as many entries as are necessary to list all employers that contributed more than five (5) percent of the plan’s contributions.

**Line 13a.** Enter the name of the employer contributing to the plan.

**Line 13b.** Enter the EIN of the employer contributing to the plan. Do not enter a social security number in lieu of an EIN; therefore, ensure that you have the employer’s EIN and not a social security number. The Form 5500 is open to public inspection, and the contents are public information and are subject to publication on the Internet. Because of privacy concerns, the inclusion of a social security number or any portion thereof on this line may result in the rejection of the filing.

EINs can be obtained from the IRS online, by telephone, by fax, or by mail depending on when you need to use the EIN. For more information, see Section 3: Electronic Filing Requirement. The EBSA does not issue EINs.

**Line 13c. Dollar Amount Contributed.** Enter the total dollar amount contributed to the plan by the employer for all covered workers in all locations for the plan year. Do not include the portion of an aggregated contribution that is for another plan, such as a welfare benefit plan, a defined contribution pension plan or another defined benefit pension plan.

**Line 13d. Collective Bargaining Agreement Expiration Date.** Enter the date on which the employer’s collective bargaining agreement expires. If the employer has more than one collective bargaining agreement requiring contributions to the plan, check the box and include, as an attachment, the expiration date of each collective bargaining agreement (regardless of the amount of contributions arising from such agreement). Label the attachment: “**Schedule R, line 13d – Collective Bargaining Agreement Expiration Date.**” Include the plan name and the sponsor’s name and EIN.

**Line 13e. Contribution Rate Information.** Enter the contribution rate (in dollars and cents) per contribution base unit in line 13e(1) and the base unit measure in line 13e(2). Indicate whether the base unit is measured on an hourly, weekly, unit-of-production, or other basis. If “other,” specify the base unit measure used. If the contribution rate changed during the plan year, enter the last contribution rate in effect for the plan year.

If the employer has different contribution rates for different classifications of employees or different places of business, check the box in the first line of line 13e and list in an attachment each contribution rate and corresponding base unit measure under which the employer made contributions (regardless of the amount of contributions resulting from each rate). Label the attachment: “**Schedule R, line 13e – Information on Contribution Rates and Base Units.**” Include the plan name and the sponsor’s name and EIN.

**Line 14.** Enter the number of participants on whose behalf no

contributions were made by an employer as an employer of the participant. For purposes of line 14, count only those participants whose last contributing employer had withdrawn from the plan by the beginning of the relevant plan year. Disregard any participants whose employers had not withdrawn from the plan, even if, in the relevant year, no contributions were made by the employer on behalf of those participants. Thus, for the limited purposes of line 14 and notwithstanding any contrary definition of such participants applicable elsewhere, the deferred vested and retired participants of employers who have not withdrawn from the plan should not be included in these numbers.

**Note.** Withdrawal liability payments are not to be treated as contributions for the purpose of determining the number of participants for line 14.

**Line 14a.** Enter the number of participants for the 2014 plan year described in the line 14 instructions.

**Line 14b.** Enter the number of participants for the 2013 plan year described in the line 14 instructions.

**Line 14c.** Enter the number of participants for the 2012 plan year described in the line 14 instructions.

**Line 15.** Enter the ratio of number of participants on whose behalf no employer had an obligation to make a contribution for the 2014 plan year to the corresponding number for each of the two preceding plan years. For the purpose of these ratios, count all participants whose employers have withdrawn from the plan as well as all deferred vested and retired participants of employers still active in the plan (unless the collective bargaining agreement specifically requires the employer to make contributions for such participants).

**Line 15a.** Enter the ratio of the number of participants as described in the line 15 instructions for the 2014 plan year to the number for the 2013 plan year.

**Line 15b.** Enter the ratio of the number of participants as described on the line 15 instructions for the 2014 plan year to the number for the 2012 plan year.

**Note.** Withdrawal liability payments are not to be treated as contributions for determining the number of participants on line 15.

**Line 16a.** Enter the number of employers that withdrew from the plan during the 2013 plan year.

**Line 16b.** If line 16a is greater than zero, enter the aggregate amount of withdrawal liability assessed against these employers. If the withdrawal liability for one or more withdrawing employers has not yet been determined, include the amounts estimated to be assessed against them in the aggregate amount.

The definitions of withdrawal are those contained in Section 4203 of ERISA. If the plan is in the building and construction, entertainment, or another industry that has special withdrawal rules, withdrawing employers should only be counted if the withdrawal adheres to the special rules applying to its specific industry.

**Line 17.** If assets and liabilities from another plan were transferred to or merged with the assets and liabilities of this plan during the 2014 plan year, check the box and provide the following information as an attachment. The attachment should include the names and employer identification numbers of all plans that transferred assets and liabilities to, or merged with, this plan. For each plan, including this plan, the attachment should also include the actuarial valuation of the total assets and total liabilities for the year preceding the transfer or merger, based on the most recent data available as of the day before the first day of the 2014 plan year. Label the attachment

**“Schedule R, line 17 – Information on Assets and Liabilities Transferred to or Merged with This Plan”** and include the plan name and the plan sponsor’s name and EIN.

## **Part VI – Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans**

**Line 18.** If any liabilities to participants or their beneficiaries under the plan at the end of the plan year consist of liabilities under two (2) or more plans as of the last day of the plan year immediately before the 2014 plan year, check the box and provide the following information as an attachment. The attachment should include the names, employer identification numbers, and plan numbers of all plans, including the current plan, that provided a portion of liabilities of the participants and beneficiaries in question. The attachment should also include the funding percentage of each plan as of the last day of the 2013 plan year. For single-employer plans, the funding percentage is the funding target attainment percentage, where the numerator is the value of plan assets reduced by the sum of the amount of the prefunding balance and the funding standard carryover balance, and the denominator is the funding target for the plan (for this purpose, if the plan is in at risk status, then the funding target is determined as if the plan were not in at risk status). For multiemployer plans, the funding percentage is the ratio where the numerator is the actuarial value of the plan’s assets and the denominator is the accrued liability of the plan. For a terminated plan for which the funding percentage is required to be reported, write “Terminated” in the space where the plan’s funding percentage would otherwise have been reported. Label the attachment **“Schedule R, line 18–Funded Percentage of Plans Contributing to the Liabilities of Plan Participants”** and include the plan name and the plan sponsor’s name and EIN.

**Line 19.** This line must be completed for all defined benefit pension plans (except DFEs) with 1,000 or more participants at the beginning of the plan year. To determine if the plan has 1,000 or more participants, use the participant count shown on line 3d(1) of the Schedule SB for single-employer plans or on line 2b(4)(1) of the Schedule MB for multiemployer plans.

**Line 19a.** Show the beginning-of-year distribution of assets for the categories shown. Use the market value of assets and do **not** include the value of any receivables. These percentages, expressed to the nearest whole percent, should reflect the total assets held in stocks, investment-grade debt instruments, high-yield debt instruments, real estate, or other asset classes, regardless of how they are listed on the Schedule H. The percentages in the five categories should sum to 100 percent. Assets held in trusts, accounts, mutual funds, and other investment arrangements should be disaggregated and properly distributed among the five asset components. The assets in these trusts, accounts, mutual funds, and investment arrangements should not be included in the “Other” component unless these investments contain no stocks, bonds, or real estate holdings. The same methodology should be used in disaggregating trust assets as is used when disclosing the allocation of plan assets on the sponsor’s 10-K filings to the Securities and Exchange Commission. Real estate investment trusts (REITs) should be listed with stocks, while real estate limited partnerships should be included in the Real Estate category.

Investment-grade debt-instruments are those with an S&P rating of BBB– or higher, a Moody’s rating of Baa3 or higher, or an equivalent rating from another rating agency. High-yield debt instruments are those that have ratings below these rating levels. If the debt does not have a rating, it should be included in the “high-yield” category if it does not have the backing of a government entity. Unrated debt with the backing of a

government entity would generally be included in the “investment-grade” category unless it is generally accepted that the debt should be considered as “high-yield.” Use the ratings in effect as of the beginning of the plan year.

**Line 19b.** Check the box that shows the average duration of the plan’s combined investment-grade and high-yield debt portfolio. If the average duration falls exactly on the boundary

of two boxes, check the box with the lower duration. To determine the average duration, use the “effective duration” or any other generally accepted measure of duration. Report the duration measure used in line 19c. If debt instruments are held in multiple debt portfolios, report the weighted average of the average durations of the various portfolios where the weights are the dollar values of the individual portfolios.